IN THE UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF TEXAS

JUAN GAMBOA, Individually, And On Behalf Of All Others Similarly Situated,
Plaintiff,

vs.

CITIZENS, INC., HAROLD E. RILEY, RICK D. RILEY, KAY E. OSBOURN, GEOFFREY M. KOLANDER, and DAVID S. JORGENSEN,
Defendants.

Case No. 1:17-CV-00241

CLASS ACTION COMPLAINT FOR VIOLATIONS OF THE FEDERAL SECURITIES LAWS

JURY TRIAL DEMANDED

Plaintiff Juan Gamboa ("Plaintiff"), individually and on behalf of all other persons similarly situated, by Plaintiff's undersigned attorneys, for Plaintiff's complaint against Defendants (defined below), alleges the following based upon personal knowledge as to Plaintiff and Plaintiff's own acts, and information and belief as to all other matters, based upon, *inter alia*, the investigation conducted by and through her attorneys, which included, among other things, a review of the Defendants' public documents, conference calls and announcements made by Defendants, United States Securities and Exchange Commission ("SEC") filings, wire and press releases published by and regarding Citizens, Inc. ("Citizens" or the "Company"), and information readily obtainable on the Internet. Plaintiff believes that substantial evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

NATURE OF THE ACTION

1. This is a federal securities class action on behalf of a class consisting of all persons and entities other than Defendants who purchased or otherwise acquired the publicly traded securities of Citizens from March 11, 2015 through March 8, 2017, both dates inclusive (the "Class Period"). Plaintiff seeks to recover compensable damages caused by Defendants' violations of the federal securities laws and to pursue remedies under Sections 10(b) and 20(a) of

the Securities Exchange Act of 1934 (the "Exchange Act") and Rule 10b-5 promulgated thereunder.

JURISDICTION AND VENUE

2. The claims asserted herein arise under and pursuant to Sections 10(b) and 20(a) of the Exchange Act (15 U.S.C. §§ 78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder by the SEC (17 C.F.R. § 240.10b-5).

3. This Court has jurisdiction over the subject matter of this action pursuant to Section 27 of the Exchange Act (15 U.S.C. §78aa).

4. Venue is proper in this judicial district pursuant to 28 U.S.C. § 1391(b) and Section 27 of the Exchange Act (15 U.S.C. § 78aa(c)) as the Company conducts business in this judicial district.

5. In connection with the acts, conduct and other wrongs alleged in this complaint, Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including but not limited to, the United States mails, interstate telephone communications and the facilities of the national securities exchange.

PARTIES

6. Plaintiff, as set forth in the accompanying certification, incorporated by reference herein, purchased Citizens securities at artificially inflated prices during the Class Period and was economically damaged thereby.

7. Defendant Citizens, through its subsidiaries, provides life insurance products in the United States and internationally. Citizens is incorporated in Colorado and headquartered at 400 East Anderson Lane, Austin, Texas. Citizens' securities trade on the New York Stock Exchange ("NYSE") under the ticker "CIA."

8. Defendant Harold E. Riley ("H. Riley") was the Company's Chairman and Chief Executive Officer from the beginning of the Class Period until June 2, 2015.

9. Defendant Rick D. Riley ("R. Riley") was the Company's Chairman and Chief Executive Officer from June 2, 2015 until his resignation on June 24, 2016.

10. Defendant Kay E. Osbourn ("Osbourn") was the Company's interim Chief Executive Officer and President from June 8, 2016 until November 7, 2016.

11. Defendant Geoffrey M. Kolander ("Kolander") has been the Company's Chief Executive Officer since November 7, 2016.

12. Defendant David S. Jorgensen ("Jorgensen") has been the Company's Vice President, Chief Financial Officer and Treasurer throughout the Class Period.

13. Defendants H. Riley, R. Riley, Osbourn, Kolander, and Jorgensen are collectively referred to herein as the "Individual Defendants."

14. Each of the Individual Defendants:

(a) directly participated in the management of the Company;

(b) was directly involved in the day-to-day operations of the Company at the highest levels;

(c) was privy to confidential proprietary information concerning the Company and its business and operations;

(d) was directly or indirectly involved in drafting, producing, reviewing and/or disseminating the false and misleading statements and information alleged herein;

(e) was directly or indirectly involved in the oversight or implementation of the Company's internal controls;

(f) was aware of or recklessly disregarded the fact that the false and misleading statements were being issued concerning the Company; and/or

(g) approved or ratified these statements in violation of the federal securities laws.

15. Citizens is liable for the acts of the Individual Defendants and its employees under the doctrine of *respondeat superior* and common law principles of agency because all of the wrongful acts complained of herein were carried out within the scope of their employment.

16. The scienter of the Individual Defendants and other employees and agents of the Company is similarly imputed to Citizens under *respondeat superior* and agency principles.

17. Defendant Citizens and Individual Defendants are collectively referred to herein as "Defendants."

SUBSTANTIVE ALLEGATIONS

Materially False and Misleading Statements Issued During the Class Period

18. On March 11, 2015, the Company filed a Form 8-K signed by Defendant R. Riley with the SEC disclosing its management assessment of endowment policies and whole life insurance policies that were sold primarily to non-U.S. citizens residing abroad, stating in part:

> **Item 8.01 Other Events**
>
> As part of an internal operation review of the life insurance products issued by our subsidiary insurance companies, the Company's management determined during the first quarter of 2015 that a substantial portion of its endowment policies and whole life insurance policies do not qualify for the favorable U.S. federal income tax treatment afforded by Sections 7702 and 7702A of the Internal Revenue Code of 1986. The policies at issue were primarily sold to non-U.S. citizens residing abroad. The failure of these policies to qualify under Sections 7702 and 7702A is expected to result in charges to the Company's consolidated financial statements for the fiscal year ended December 31, 2014. At present, the Company is unable to quantify with reasonable certainty the magnitude of the charge expected to

result from this tax compliance issue, but it is expected to be material to the Company's financial condition and 2014 results of operations.

The Company has retained an independent actuarial firm to assist it with the analysis of this issue. The Company is presently working with this actuarial firm and its independent auditor to determine the magnitude of the effect this issue will have on the Company's financial condition and results of operation. However, until this analysis is complete, the Company cannot estimate the amount or range of the expected charge and will not be able to complete its Annual Report on Form 10-K for 2014 on a timely basis without unreasonable effort or expense. The Company intends to file a Form 12b-25 with the SEC on or prior to March 17, 2015. At present, the Company believes it will be able to file its Annual Report on Form 10-K for 2014 within the fifteen day extension period provided by Rule 12b-25 under the Securities Exchange Act of 1934, but no assurance can be given that it will be able to do so.

In its Current Report on Form 8-K filed by the Company on January 16, 2015, the Company announced a conference call for March 12, 2015 to discuss its operating results for the fourth quarter and the year ended December 31, 2014. This call is cancelled.

19. On March 24, 2016, the Company filed a Form 10-K for the fiscal year ended December 31, 2015 (the "2015 10-K") with the SEC. The 2015 10-K was signed by Defendants H. Riley, R. Riley and Jorgensen. Attached to the 2015 10-K were certifications pursuant to the Sarbanes Oxley Act of 2002 ("SOX") signed by Defendants R. Riley and Jorgensen attesting to the accuracy of the financial statements, the disclosure of any material changes to the Company's internal control over financial reporting and the disclosure all fraud was disclosed.

20. The 2015 10-K stated the following concerning the Company's international sales in its Life Insurance segment:

International Sales

We focus our sales of U.S. Dollar-denominated ordinary whole life insurance and endowment policies to residents in Latin America and the Pacific Rim. As of December 31, 2015, we had insurance policies in force in approximately 30 countries, including Columbia, Venezuela, Taiwan, Ecuador and Argentina as our top producing countries. In 2015, international direct premiums comprised approximately 72% of our total direct premiums, and exceeded 10% or more of our premiums for each of the last three years. We have participated in the foreign marketplace since 1975. We believe positive attributes of our international insurance business include:

- larger face amount policies typically issued when compared to our U.S. operations, which results in lower underwriting and administrative costs per unit of coverage;

- premiums typically paid annually rather than monthly or quarterly, which saves us administrative expenses, accelerates cash flow and results in lower policy lapse rates than premiums with more frequently scheduled payments; and

- persistency experience and mortality rates that are comparable to our U.S. policies.

We have implemented several policies and procedures to limit the risks of asset and premium loss relating to our international business. Approvals for policy issuance are made in our Austin, Texas office and policies are issued and delivered to the independent consultants, who deliver the policies to the insureds. We have no offices, employees or assets outside of the United States. Insurance policy applications and premium payments are submitted by the independent consultants or customers to us, and we review the applications in our home offices in Austin, Texas. Premiums are paid in U.S. Dollars by check, wire or credit card. The policies we issue contain limitations on benefits for certain causes of death, such as homicide and careless driving. We have also developed disciplined underwriting criteria, which include medical reviews of applicants as well as background and reference checks. In addition, we have a claims policy that requires investigation of substantially all death claims. Furthermore, we perform background reviews and reference checks of prospective independent marketing firms and consultants.

Independent marketing firms and consultants specialize in marketing life insurance products and generally have several years of insurance marketing experience. We maintain contracts with the independent marketing firms pursuant to which they provide recruitment, training and supervision of their managers and associates in the service and placement of our products; however, all associates of these firms also contract directly with us as independent contractors and receive their compensation directly from us. Accordingly, should an arrangement between any independent marketing firm and us be terminated for any reason, we expect that we would seek to continue with the existing marketing arrangements with the associates of these firms. Our agreements with independent marketing firms and consultants typically provide that they are independent contractors responsible for their own operation expenses and are the representative of the prospective insured. In addition, the marketing firms guarantee any debts of their associates to us. The marketing firms receive commissions on all new and renewal policies serviced or placed by them or their associates. All of these contracts provide that the independent marketing firms and consultants are aware of and responsible for compliance with local laws.

21. The 2015 10-K stated the following concerning the Company's international products in its Life Insurance segment:

International Products

We offer several ordinary whole life insurance and endowment products designed to meet the needs of our non-U.S. policyowners. These policies have been structured to provide:

- U.S. Dollar-denominated cash values that accumulate, beginning in the first policy year, to a policyholder during his or her lifetime;
- premium rates that are competitive with or better than most foreign local companies;
- a hedge against local currency inflation;
- protection against devaluation of foreign currency;
- capital investment in a more secure economic environment (i.e., the United States); and
- lifetime income guarantees for an insured or for surviving beneficiaries.

Our international products have living benefit features. Every policy contains guaranteed cash values and is participating (i.e., provides for cash dividends as apportioned by the board of directors). Once a policyowner pays the annual premium and the policy is issued, the owner becomes entitled to a cash dividend as well as an annual guaranteed endowment, if elected. The policyowner has several options with regard to the dividend and annual guaranteed endowments, including the right to assign policy values to the Citizens, Inc. Stock Investment Plan, registered under the Securities Act of 1933 (the "Securities Act"), and administered in the United States by Computershare, our plan administrator and transfer agent.

22. On May 3, 2016, the Company filed a Form 10-Q for the quarterly period ended March 31, 2016 (the "1Q16 10-Q") with the SEC. The 1Q16 10-Q was signed by Defendants R. Riley and Jorgensen. Attached to the 1Q16 10-Q were SOX certifications signed by Defendants R. Riley and Jorgensen attesting to the accuracy of the financial statements, the disclosure of any

material changes to the Company's internal control over financial reporting and the disclosure all fraud was disclosed.

23. The 1Q16 10-Q stated the following concerning the Company's international sales in its Life Insurance segment:

> ***International Sales***
>
> We focus our sales of U.S. Dollar-denominated ordinary whole life insurance and endowment policies to residents in Latin America and the Pacific Rim. We have participated in the foreign marketplace since 1975, and we continue to seek opportunities for expansion of our foreign operations. We believe positive attributes of our international insurance business include:
>
> - larger face amount policies typically issued when compared to our U.S. operations, which results in lower underwriting and administrative costs per unit of coverage;
> - premiums typically paid annually rather than monthly or quarterly, which reduces our administrative expenses, accelerates cash flow and results in lower policy lapse rates than premiums with more frequently scheduled payments; and
> - persistency experience and mortality rates that are comparable to U.S. policies.

24. The 1Q16 10-Q stated the following concerning the Company's international products in its Life Insurance segment:

> *International Products*
>
> We offer several ordinary whole life insurance and endowment products designed to meet the needs of our non-U.S. policyowners. These policies have been structured to provide:
>
> - U.S. Dollar-denominated cash values that accumulate, beginning in the first policy year, to a policyholder during his or her lifetime;
> - premium rates that are competitive with or better than most foreign local companies;
> - a hedge against local currency inflation;

- protection against devaluation of foreign currency;
- capital investment in a more secure economic environment (i.e., the United States); and
- lifetime income guarantees for an insured or for surviving beneficiaries.

Our international products have living benefit features. Every policy contains guaranteed cash values and most are participating (i.e., provides for cash dividends as apportioned by the board of directors). Once a policyowner pays the annual premium and the policy is issued, the owner becomes entitled to a cash dividend as well as an annual guaranteed endowment, if elected. The policyowner has several options with regard to the dividend and annual guaranteed endowments, including the right to assign policy values to the Citizens, Inc. Stock Investment Plan, registered under the Securities Act of 1933 (the "Securities Act"), and administered in the United States by Computershare, our plan administrator and transfer agent.

The following table sets forth, by country, our direct premiums from our international life insurance business for the periods indicated.

	Three Months Ended March 31,	
	2016	2015
	(In thousands)	
Country		
Venezuela	$ 7,031	7,220
Colombia	5,971	6,076
Taiwan	4,612	4,481
Ecuador	3,337	3,543
Argentina	1,819	1,922
Other Non-U.S.	9,015	8,329
Total	$ 31,785	31,571

We continue to report increased sales from our top producing countries as noted above. Our international business and premium collections could be impacted by future changes relative to laws, regulations or economic events in the countries from which we accept applications as well as, by marketing or operational changes made by the Company.

25. On August 9, 2016 the Company filed a Form 10-Q for the quarterly period ended June 30, 2016 (the "2Q16 10-Q") with the SEC. The 2Q16 10-Q was signed by Defendants Osbourn and Jorgensen. Attached to the 2Q16 10-Q were SOX certifications signed by Defendants Osbourn and Jorgensen attesting to the accuracy of the financial statements, the

disclosure of any material changes to the Company's internal control over financial reporting and the disclosure all fraud was disclosed.

26. The 2Q16 10-Q stated the following concerning the Company's international sales in its Life Insurance segment:

> *International Sales*
>
> We focus our sales of U.S. Dollar-denominated ordinary whole life insurance and endowment policies to residents in Latin America and the Pacific Rim. We have participated in the foreign marketplace since 1975, and we continue to seek opportunities for expansion of our foreign operations. We believe positive attributes of our international insurance business include:
>
> - larger face amount policies typically issued when compared to our U.S. operations, which results in lower underwriting and administrative costs per unit of coverage;
> - premiums typically paid annually rather than monthly or quarterly, which reduces our administrative expenses, accelerates cash flow and results in lower policy lapse rates than premiums with more frequently scheduled payments; and
> - persistency experience and mortality rates that are comparable to U.S. policies.

27. The 2Q16 10-Q stated the following concerning the Company's international products in its Life Insurance segment:

> *International Products*
>
> We offer several ordinary whole life insurance and endowment products designed to meet the needs of our non-U.S. policyowners. These policies have been structured to provide:
>
> - U.S. Dollar-denominated cash values that accumulate, beginning in the first policy year, to a policyholder during his or her lifetime;
> - premium rates that are competitive with or better than most foreign local companies;
> - a hedge against local currency inflation;

- protection against devaluation of foreign currency;
- capital investment in a more secure economic environment (i.e., the United States); and
- lifetime income guarantees for an insured or for surviving beneficiaries.

Our international products have living benefit features. Every policy contains guaranteed cash values and most are participating (i.e., provides for cash dividends as apportioned by the board of directors). Once a policyowner pays the annual premium and the policy is issued, the owner becomes entitled to a cash dividend as well as an annual guaranteed endowment, if elected. The policyowner has several options with regard to the dividend and annual guaranteed endowments, including the right to assign policy values to the Citizens, Inc. Stock Investment Plan, registered under the Securities Act of 1933 (the "Securities Act"), and administered in the United States by Computershare, our plan administrator and transfer agent.

The following table sets forth, by country, our direct premiums from our international life insurance business for the periods indicated.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
	(In thousands)			
Country				
Venezuela	$ 7,826	8,214	14,857	15,434
Colombia	7,396	7,198	13,367	13,274
Taiwan	4,202	4,015	8,814	8,496
Ecuador	3,908	4,124	7,245	7,667
Argentina	2,571	2,466	4,390	4,388
Other Non-U.S.	10,178	9,492	19,193	17,821
Total	$ 36,081	35,509	67,866	67,080

28. On November 7, 2016, the Company filed a Form 10-Q for the quarterly period ended September 30, 2016 (the "3Q16 10-Q") with the SEC. The 3Q16 10-Q was signed by Defendants Osbourn and Jorgensen. Attached to the 3Q16 10-Q were SOX certifications signed by Defendants Osbourn and Jorgensen attesting to the accuracy of the financial statements, the disclosure of any material changes to the Company's internal control over financial reporting and the disclosure all fraud was disclosed.

29. The 3Q16 10-Q stated the following concerning the Company's international sales in its Life Insurance segment:

> *International Sales*
>
> We focus our sales of U.S. Dollar-denominated ordinary whole life insurance and endowment policies to residents in Latin America and the Pacific Rim. We have participated in the foreign marketplace since 1975, and we continue to seek opportunities for expansion of our foreign operations. We believe positive attributes of our international insurance business include:
>
> - larger face amount policies typically issued when compared to our U.S. operations, which results in lower underwriting and administrative costs per unit of coverage;
> - premiums typically paid annually rather than monthly or quarterly, which reduces our administrative expenses, accelerates cash flow and results in lower policy lapse rates than premiums with more frequently scheduled payments; and
> - persistency experience and mortality rates that are comparable to U.S. policies.

30. The 3Q16 10-Q stated the following concerning the Company's international products in its Life Insurance segment:

> *International Products*
>
> We offer several ordinary whole life insurance and endowment products designed to meet the needs of our non-U.S. policyowners. These policies have been structured to provide:
>
> - U.S. Dollar-denominated cash values that accumulate, beginning in the first policy year, to a policyholder during his or her lifetime;
> - premium rates that are competitive with or better than most foreign local companies;
> - a hedge against local currency inflation;
> - protection against devaluation of foreign currency;
> - capital investment in a more secure economic environment (i.e., the United States); and

- lifetime income guarantees for an insured or for surviving beneficiaries.

Our international products have living benefit features. Every policy contains guaranteed cash values and most are participating (i.e., provides for cash dividends as apportioned by the board of directors). Once a policyowner pays the annual premium and the policy is issued, the owner becomes entitled to a cash dividend as well as an annual guaranteed endowment, if elected. The policyowner has several options with regard to the dividend and annual guaranteed endowments, including the right to assign policy values to the Citizens, Inc. Stock Investment Plan, registered under the Securities Act of 1933 (the "Securities Act"), and administered in the United States by Computershare, our plan administrator and transfer agent.

The following table sets forth, by country, our direct premiums from our international life insurance business for the periods indicated.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(In thousands)			
Country				
Venezuela	$ 7,833	8,162	22,690	23,596
Colombia	7,276	6,353	20,643	19,627
Taiwan	3,868	4,303	12,682	12,799
Ecuador	3,925	3,931	11,170	11,598
Argentina	2,542	2,716	6,932	7,104
Other Non-U.S.	10,990	10,650	30,183	28,471
Total	$ 36,434	36,115	104,300	103,195

31. The statements contained in ¶¶ 17-30 were materially false and/or misleading because they misrepresented and failed to disclose the following adverse facts pertaining to the Company's business, operations and prospects, which were known to Defendants or recklessly disregarded by them. Specifically, Defendants made false and/or misleading statements and/or failed to disclose that: (1) the Company's brokers and pitchbooks falsely claim that most of the funds from its insurance policies are directly invested in U.S. Treasury Bond; (2) funds from the Company's insurance policies are funneled into continuous open market purchases that have inflated the Company's stock price; and (3) as a result, Defendants' statements about the

Company's business, operations, and prospects, were materially false and misleading and/or lacked a reasonable basis at all relevant times.

The Truth Emerges

32. On March 8, 2017, *Seeking Alpha* published an article asserting that Citizens sells insurance policies to foreign retail investors and retirees that funnel millions of dollars into open market purchases of the Company's shares and inflate the value of such shares, stating in relevant part:

> **Summary**
>
> - Citizens sells insurance policies through a network of brokers who prey on foreign families and retirees with promises of "guaranteed returns" backed by U.S. Treasuries that will secure retirements.
>
> - The money is not invested in Treasuries and the policies funnel millions into continuous open market purchases that have inflated CIA shares to absurd valuation levels.
>
> - Because most of the returns to existing policyholders are driven by funds contributed by new policyholders, Citizens displays some characteristics that appear analogous to a Ponzi scheme.
>
> - Citizens requires a constant influx of new money. However, the financials show that many existing policyholders are now asking to be cashed out while new policy sales have plummeted.
>
> - Longtime insiders have departed amidst evidence of serious problems that suggest Citizens has moved towards the brink of collapse. Each day it persists, new victims are created.
>
> **Research Summary**
>
> Citizens, Inc. (NYSE: CIA) uses a network of unregulated brokers to sell complex life insurance policies to foreign retail investors and retirees. The policies are sold through promises of outsized "guaranteed" returns backed by U.S. Treasury bonds. However, the money is not invested in U.S. Treasuries and the policies appear designed to prop up Citizens' stock price.
>
> Because most of the returns to existing policyholders are driven by funds contributed by new policyholders, Citizens displays some characteristics that

appear analogous to a Ponzi scheme. The performance of CIA shares drive the returns to existing policyholders, but these purported returns hinge directly on Citizens' ability to prop up its stock price with a constant flow of new money from policyholders.

The money is funneled from policyholders into Citizens' stock through a feature in which a portion of premiums is paid back as benefits and “dividends.” These funds are routed to Citizens' transfer agent who facilitates continuous purchases of CIA shares in the open market.

The dividend feature is structured so that most of the projected policy value hinges on the performance of CIA stock. But the inherent risks are often concealed from retail investors who are falsely told that most of their money is backed by U.S. Treasury Bonds inside “savings accounts” that will secure their retirement or children's education.

Citizens' founder has publicly declared that “the market has no ceiling” as brokers prey on unsophisticated families through falsehoods. Retail investors are drawn in by misleading return projections. An exaggerated sense of legal standing is projected through “licenses” awarded to brokers by Citizens itself, while sales presentations use the SEC's logo as a marketing device.

With foreign policyholders now owning over an estimated 70% of the float, Citizens stock has been inflated to absurd valuation levels. We calculate that shares (which produce GAAP losses) trade at 7.5x adjusted tangible book value, making Citizens the most mispriced insurance stock we have ever seen.

Citizens' inflated stock price has enriched insiders while compensating brokers through commissions partially paid through interests in offshore trusts specifically created to buy CIA stock.

Citizens' ongoing viability is directly dependent on keeping its stock price propped up. But since Citizens' stock price has no economic basis, the fundamental problem is that the purported returns are illusory.

To maintain the mirage, Citizens depends on a constant influx of new money. However, the financials show that many existing policyholders are now asking to be cashed out. Simultaneously, plummeting policy sales and broker defections have made it increasingly difficult for Citizens to entice new investors.

This dynamic is exactly why Ponzi Schemes collapse and, similarly, is why Citizens' business model is doomed.

The cracks in Citizens' façade are starting to appear. The recent surge in early policyholder withdrawals has eroded Citizens' tangible capital and liquidity. As policyholders begin to head for the exits, loans Citizens makes to finance

> policyholder premium payments have ballooned to the point where the balance exceeds our calculations of tangible equity. Meanwhile, operating losses, increased liabilities, and an assortment of festering balance sheet issues cause us to question the company's true solvency.
>
> Longtime Executives and Directors have departed as the company has descended into turmoil. Revelations of anti-money laundering deficiencies and a Panama Papers exposure create concern that CIA shares are potentially being used as a currency to launder money through Citizens' insurance policies. Amidst government investigations, delinquent SEC filings and adverse audit opinions of internal controls have given way to admissions of actuarial incompetence and systemic tax compliance problems.
>
> Our research demonstrates that Citizens appears to have moved towards the brink of collapse. Each day that it persists, new victims are being created, with unsuspecting retail investors and retirees ultimately paying the price.

33. On this news, the Company's shares fell $0.45 per share or over 5% over the next two trading days to close at $8.00 per share on March 9, 2017, damaging investors.

34. As a result of Defendants' wrongful acts and omissions, and the precipitous decline in the market value of the Company's securities, Plaintiff and other Class members have suffered significant losses and damages.

PLAINTIFF'S CLASS ACTION ALLEGATIONS

35. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a class consisting of all persons other than defendants who purchased or otherwise acquired Citizens securities publicly traded on NYSE during the Class Period and who were damaged thereby (the "Class"). Excluded from the Class are Defendants, the officers and directors of the Company, members of the Individual Defendants' immediate families and their legal representatives, heirs, successors or assigns and any entity in which Officer or Director Defendants have or had a controlling interest.

36. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Citizens securities were actively traded on NYSE.

While the exact number of Class members is unknown to Plaintiff at this time and can be ascertained only through appropriate discovery, Plaintiff believes that there are hundreds, if not thousands of members in the proposed Class.

37. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by Defendants' wrongful conduct in violation of federal law that is complained of herein.

38. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation. Plaintiff has no interests antagonistic to or in conflict with those of the Class.

39. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

a. whether the Exchange Act was violated by Defendants' acts as alleged herein;

b. whether statements made by Defendants to the investing public during the Class Period misrepresented material facts about the financial condition and business of the Company;

c. whether Defendants' public statements to the investing public during the Class Period omitted material facts necessary to make the statements made, in light of the circumstances under which they were made, not misleading;

d. whether the Defendants caused the Company to issue false and misleading SEC filings during the Class Period;

e. whether Defendants acted knowingly or recklessly in issuing false and SEC filing

f. whether the prices of Citizens securities during the Class Period were artificially inflated because of the Defendants' conduct complained of herein; and

g. whether the members of the Class have sustained damages and, if so, what is the proper measure of damages.

40. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

41. Plaintiff will rely, in part, upon the presumption of reliance established by the fraud-on-the-market doctrine in that:

a. Citizens securities met the requirements for listing, and were listed and actively traded on NYSE, a highly efficient and automated market;

b. As a public issuer, the Company filed periodic public reports with the SEC and NYSE;

c. The Company regularly communicated with public investors via established market communication mechanisms, including through the regular dissemination of press releases via major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services; and

d. The Company was followed by a number of securities analysts employed by major brokerage firms who wrote reports that were widely distributed and publicly available.

42. Based on the foregoing, the market for Citizens securities promptly digested current information regarding the Company from all publicly available sources and reflected such information in the prices of the shares, and Plaintiff and the members of the Class are entitled to a presumption of reliance upon the integrity of the market.

43. Alternatively, Plaintiff and the members of the Class are entitled to the presumption of reliance established by the Supreme Court in *Affiliated Ute Citizens of the State of Utah v. United States*, 406 U.S. 128 (1972), as Defendants omitted material information in their Class Period statements in violation of a duty to disclose such information as detailed above.

COUNT I

For Violations of Section 10(b) And Rule 10b-5 Promulgated Thereunder Against All Defendants

44. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

45. This Count asserted against Defendants is based upon Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder by the SEC.

46. During the Class Period, Defendants, individually and in concert, directly or indirectly, disseminated or approved the false statements specified above, which they knew or deliberately disregarded were misleading in that they contained misrepresentations and failed to disclose material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

47. Defendants violated §10(b) of the 1934 Act and Rule 10b-5 in that they: employed devices, schemes and artifices to defraud; made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or engaged in acts, practices and a course of business that operated as a fraud or deceit upon plaintiff and others similarly situated in connection with their purchases of Citizens securities during the Class Period.

48. Defendants acted with scienter in that they knew that the public documents and statements issued or disseminated in the name of the Company were materially false and misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated, or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the securities laws. These defendants by virtue of their receipt of information reflecting the true facts of the Company, their control over, and/or receipt and/or modification of the Company's allegedly materially misleading statements, and/or their associations with the Company which made them privy to confidential proprietary information concerning the Company, participated in the fraudulent scheme alleged herein.

49. Individual Defendants, who are the senior officers and/or directors of the Company, had actual knowledge of the material omissions and/or the falsity of the material statements set forth above, and intended to deceive Plaintiff and the other members of the Class, or, in the alternative, acted with reckless disregard for the truth when they failed to ascertain and disclose the true facts in the statements made by them or other Company personnel to members of the investing public, including Plaintiff and the Class.

50. As a result of the foregoing, the market price of Citizens securities was artificially inflated during the Class Period. In ignorance of the falsity of Defendants' statements, Plaintiff and the other members of the Class relied on the statements described above and/or the integrity of the market price of Citizens securities during the Class Period in purchasing Citizens securities at prices that were artificially inflated as a result of Defendants' false and misleading statements.

51. Had Plaintiff and the other members of the Class been aware that the market price of Citizens securities had been artificially and falsely inflated by Defendants' misleading statements and by the material adverse information which Defendants did not disclose, they would not have purchased Citizens securities at the artificially inflated prices that they did, or at all.

52. As a result of the wrongful conduct alleged herein, Plaintiff and other members of the Class have suffered damages in an amount to be established at trial.

53. By reason of the foregoing, Defendants have violated Section 10(b) of the 1934 Act and Rule 10b-5 promulgated thereunder and are liable to the plaintiff and the other members of the Class for substantial damages which they suffered in connection with their purchase of Citizens securities during the Class Period.

COUNT II

Violations of Section 20(a) of the Exchange Act Against the Individual Defendants

54. Plaintiff repeats and realleges each and every allegation contained in the foregoing paragraphs as if fully set forth herein.

55. During the Class Period, the Individual Defendants participated in the operation and management of the Company, and conducted and participated, directly and indirectly, in the

conduct of the Company's business affairs. Because of their senior positions, they knew the adverse non-public information about the Company's misstatement of revenue and profit and false financial statements.

56. As officers and/or directors of a publicly owned company, the Individual Defendants had a duty to disseminate accurate and truthful information with respect to the Company's financial condition and results of operations, and to correct promptly any public statements issued by the Company which had become materially false or misleading.

57. Because of their positions of control and authority as senior officers, the Individual Defendants were able to, and did, control the contents of the various reports, press releases and public filings which the Company disseminated in the marketplace during the Class Period concerning the Company's results of operations. Throughout the Class Period, the Individual Defendants exercised their power and authority to cause the Company to engage in the wrongful acts complained of herein. The Individual Defendants therefore, were "controlling persons" of the Company within the meaning of Section 20(a) of the Exchange Act. In this capacity, they participated in the unlawful conduct alleged which artificially inflated the market price of Citizens securities.

58. By reason of the above conduct, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act for the violations committed by The Company.

JURY TRIAL DEMANDED

59. Plaintiff hereby demands a trial by jury.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff, on behalf of himself and the Class, prays for judgment and relief as follows:

(a) declaring this action to be a proper class action, designating Plaintiff as Lead Plaintiff and certifying plaintiff as a class representative under Rule 23 of the Federal Rules of Civil Procedure and designating plaintiff's counsel as Lead Counsel;

(b) awarding damages in favor of plaintiff and the other Class members against all defendants, jointly and severally, together with interest thereon;

(c) awarding Plaintiff and the Class reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and

(d) awarding Plaintiff and other members of the Class such other and further relief as the Court may deem just and proper.

Dated: March 16, 2017

Respectfully submitted,

/s/ *Yusuf Bajwa*

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